



# City Of Louisville

## SALES TAX & LICENSING DIVISION USE TAX SESSION

# City Taxpayer Service Office

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# Sales Tax

} Louisville combined sales tax rate effective January 1, 2012:

} State	2.9%
} <b>RTD/CD</b>	<b>1.1%</b>
} Boulder County	0.8%
} City of Louisville	<u>3.5%</u>
	8.3%

# Use Tax

} City of Louisville use tax rate effective January 1, 2011:

} 3.5%

} Applies to building materials, motor vehicles, **and items identified in Section 3.20.305 of the LMC.**

# How Items are Taxed

- } Items are taxed based on the location of the retailer/vendor when you pay for, and take items with you.
- } Because you are standing in the store and taking the items with you, you share all jurisdictions, and the tax rate of the retailer/vendor is charged.
- } Items are taxed based on the purchaser's location when items are shipped or delivered to you.
- } The retailer/vendor should charge tax based on the jurisdictions they "share" with you (at a minimum).
- } If the retailer/vendor is voluntarily collecting and remitting tax, they will charge the full tax rate for your location.

# Seller - Tax Responsibilities

- } Colorado retailers/vendors must charge, collect and remit sales tax for the jurisdictions they share with their customer (also referred to as “shared tax”).
- } Out-of-State retailers/vendors are required to charge, collect and remit sales tax if they are “doing business” or have “nexus” within the state or city.
- } Some retailers/vendors “voluntarily” charge, collect and remit sales tax. (This is a courtesy to you!)

# Taxing Examples – Buy in Person

- You buy a \$300 fax machine:

In **Boulder**, you will pay 8.21%, or \$24.63 in sales tax (2.9% state, 1.1% RTD/CD, 0.80% Boulder County, 3.41% City of Boulder).

In **Westminster**, you will pay 8.35% or \$25.05 in sales tax (2.9% state, 1.1% RTD/CD, 0.50% Jefferson County, 3.85% City of Westminster).

In **Fort Collins**, you will pay 7.55%, or \$22.65 in sales tax (2.9% state, 0.80% Larimer County, 3.85% City of Fort Collins).

In **Broomfield Flatirons Shopping District**, you will pay 8.35% or \$25.05 in sales tax (2.9% state, 1.1% RTD, CD, 4.35% City and County of Broomfield).

In **Louisville**, you will pay 8.3%, or \$24.90 in sales tax (2.9% state, 1.1% RTD/CD, 0.80% Boulder County, 3.5% City of Louisville).

In **Superior**, you will pay 8.26%, or \$24.78 in sales tax (2.9% state, 1.1% RTD/CD, 0.80% Boulder County, 3.46% Town of Superior).

# Taxing Examples - Delivery

} In-State purchase of a \$2,000 copier for delivery to Louisville:

- Denver vendor should charge 4% or \$80 (2.9% state, 1.1% RTD/CD)
- Superior vendor should charge 4.8% or \$96 (2.9% state, 1.1% RTD/CD, 0.80% Boulder County)
- Fort Collins vendor should charge 2.9% or \$58 (2.9% state)

} Out-of-State purchase of a \$2,000 copier, On-line, by Catalog or Phone for delivery to Louisville:

- No tax (no nexus)
- 2.9% or \$58 (nexus in State)
- 4% or \$80 (nexus in State & RTD/CD)
- 8.3% or \$166 (nexus in Louisville or voluntary collector of sales tax)

# What is Use Tax

- } Use tax in the State of Colorado is based on the location of the “use” of the item.
- } Use tax was developed by the State of Colorado to help make sure that a city or town with few or limited retail establishments would be able to generate revenues by taxing the “use” of goods being used in their community in addition to the “sale” of goods.
- } Use tax does not apply to inventory held for re-sale.
- } Use tax is a complement to sales tax, not an additional tax.
- } When a vendor has not charged sales tax, the purchaser must pay use tax.
- } Use tax due the City shall be reduced by the amount of sales or use tax legally paid to another jurisdiction up to the City’s tax rate.
- } Most companies currently remit State and RTD use tax to the State on purchases for which tax was not charged.



# Use Tax Calculation/Tool

- } In Colorado, you are responsible to remit any use tax owed for the State, RTD/CD and the City of Louisville.

2.9

1.1

3.5

7.5%

- } The City staff can not act as your accountants.

- } If you or your accountant already have processes in place, please continue to use them!

- } Introduction to Excel worksheet that can be used as an aid to help you determine your use tax liability.

- } Mixed purchase invoices cannot be calculated with the use tax worksheet.

- } **Note:** State and RTD use tax may also be due.

# Calculate How Much Use Tax is Owed Deliveries

## Company XYZ – Casper, WY Invoice ABC

2 Reams Paper	10.00
1 Toner Cartridge	7.00
(500) Business Cards	<u>120.00</u>
Subtotal	137.00
Shipping/Handling	<u>12.00</u>
Total	149.00

No sales tax was charged/paid.

City of Louisville use tax of 3.5% or \$4.80  
is owed on subtotal.  
(137.00 \* .035 = 4.80)

Louisville does not tax shipping when  
separately stated.

# Calculate How Much Use Tax is Owed Deliveries

Company XYZ – Provo, UT Invoice DEF

2 Reams Paper	10.00
1 Toner Cartridge	7.00
(500) Business Cards	<u>120.00</u>

Subtotal	137.00
Shipping/Handling	12.00
Tax	<u>3.97</u>

Total	152.97
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To determine what tax rate was charged, divide the tax by the subtotal.

$$(3.97 / 137.00 = .029)$$

State sales tax of 2.9% was charged/paid.

City of Louisville use tax of 3.5% or \$4.80 owed on subtotal.

$$(137.00 \times .035 = 4.80)$$

# Calculate How Much Tax is Owed Deliveries

## XYZ Company – Denver, CO Invoice GHI

1 Super 500 Copier	<u>2,000.00</u>	To determine what tax rate was charged, divide the tax by the subtotal.
Subtotal	2,000.00	$(80.00 / 2,000.00 = .04)$
Shipping/Freight	175.00	State (2.9%) and RTD/CD (1.1%) were collected.
Tax	<u>80.00</u>	
Total	2,257.00	City of Louisville use tax of 3.5% or \$70.00 owed on subtotal. $(2,000.00 \times .035 = 70.00)$

# Calculate How Much Use Tax is Owed

## In-Person Purchases

XYZ Company - Superior, CO Invoice  
GHI

1 Super 500 Copier	<u>2,000.00</u>
Subtotal	2,000.00
Shipping/Freight (Customer pick-up)	No Charge
Tax	<u>165.20</u>
Total	2,165.20

To determine what tax rate was charged,  
divide the tax by the subtotal.

$$(165.20 / 2,000.00 = .0826)$$

$$\begin{aligned}
 &.0826 \\
 &\underline{- .029} \text{ State} \\
 &=.0536 \\
 &\underline{- .011} \text{ RTD/CD} \\
 &=.0426 \\
 &\underline{- .008} \text{ Boulder County} \\
 &=.0346 \text{ (Rounds to .035)} \\
 &\underline{- .035} \text{ City of Louisville} \\
 &.\underline{0}
 \end{aligned}$$

**Note:** The point-of-sale is Superior.

# Calculate How Much Use Tax is Owed

## In-Person Purchases

123 Manufacturing, Invoice XYZ  
Firestone, CO

To determine what tax rate was charged, divide the tax by the subtotal.  
(1005.70 / 50,285.00 = .02)

Milling Machine	\$50,285.00
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Only Town of Firestone tax was collected at the rate of 2%.

Subtotal	\$50,285.00
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Manufacturing equipment is exempt from State tax.

Shipping/Handling	
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(Customer pick-up)	
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No Charge	
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Firestone is not in the RTD District so no special district taxes are collected.

Tax	
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<u>\$ 1,005.70</u>	
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Total	
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\$51,290.70	
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The difference between City of Louisville use tax of 3.5% and the 2% tax rate paid would be due to Louisville on the subtotal.  
(50,285.00 x 1.5% = 754.28)

**Note:** The point-of-sale is Firestone

# Calculate How Much Use Tax is Owed

## In-Person Purchases

### Costco - Superior, Invoice GHI

1 - Super Chair	500.00
3 – Cases Bottled Water	10.50
5 – lbs. Coffee	<u>30.00</u>

Subtotal	540.50
Shipping/Handling (Customer pick-up)	No Charge
Tax	<u>42.70</u>
Total	583.20

You would not be able to use the self-calculating worksheet for this invoice because it is “mixed”. (The tax rate would be 7.9%).

The chair is taxable for all jurisdictions, but the food items are only taxable by the City of Louisville.

$$\$500.00 \times 8.26\% = \$41.30$$

$$\$40.50 \times 3.46\% = \$1.40$$

\$42.70

**Note:** The point-of-sale is Superior

# How is the Sales/Use Tax Used?

## Sales Tax/Consumer Use Tax

2% - General Fund

1% - Capital Projects

.375% - Conservation Trust  
(Land)

.125% - Historic Preservation

## Building Use Tax

3% - Capital Projects

.375% - Conservation Trust  
(Land)

.125% - Historic Preservation

## Auto Use Tax

3% - General Fund

.375% - Conservation Trust  
(Land)

.125% - Historic Preservation



# Questions/Resources

If you have any questions about the information presented today, please do not hesitate to contact us:

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**State of Colorado,  
Colorado Department  
of Revenue**

(303) 238-7378

[www.taxcolorado.com](http://www.taxcolorado.com)

**Free State tax classes:**

[http://www.colorado.gov/cs/Satellite/  
Revenue/REVX/1177017545851](http://www.colorado.gov/cs/Satellite/Revenue/REVX/1177017545851)